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COLA TOWN HALL



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Alaska's Allowance Coordinator

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Overview

- **Overseas COLA**
- **Determining Calculations**
- **Computations and Payment Process**
- **Living Pattern Survey Process**
- **Your Influence**
- **Questions**



Overseas COLA (continued)

- Designed to offset the higher prices of non-housing goods and services overseas so that Service members can afford to purchase a similar level of goods and services as if they were stationed in CONUS
- Ensures **economic parity** with CONUS counterparts spending patterns and levels
- Compares prices of goods and services overseas with prices in CONUS for equivalent goods and services





Determining Overseas COLA: Calculations

Affected by two different types of changes:

- **Data** that measures the cost difference between overseas prices and CONUS prices

LPS	• Reports member shopping behavior
RPS	• Reports actual prices of goods and services
BLS CES	• Determines weights for each COLA category
CONUS Market Basket Updates	• Prices updated quarterly

- **Currency fluctuations (DOES NOT apply in AK)**
 - Overseas COLA will fluctuate based on the current exchange rate and can go up or down from pay period to pay period



Overseas COLA: Computation and Payment

Where do people
buy goods and
services?
(LPS)

What are the
prices of these
items?
(RPS)

Overseas
Locations

Where do people
buy goods and
services?
(LPS)

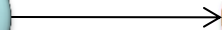
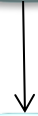
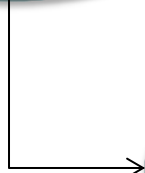
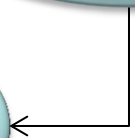
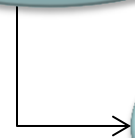
What are the
prices of these
items?
(RPS)

CONUS

Price difference
expressed as
an index
(DTMO)

Part of income
spent on COLA
types of goods
and services
(BLS)

**COLA
payment**





**How can you influence our COLA
entitlement?**

LIVING PATTERN SURVEY



Living Pattern Survey (LPS)

- The **ONLY** opportunity offered to Service members and their spouses **every 3 years** to report their shopping patterns at overseas location the are assigned
- Survey collects the percentages and volume of goods and services purchased at:
 - Local market outlets (off-base)
 - DECA Commissary
 - Exchange
 - Internet, mail order, or export companies
 - Other
- These goods and services are identified in 12 different categories





LPS Overview (continued)

- **Web-based (internet access required)**
 - Can be completed in approximately 30 minutes
 - Will require “homework” i.e. accurate prices of cold weather items
- **Available to Service members at overseas locations**
 - Must have at least 3 months time-on-station
- **Service members can complete the survey at home with their family**
- **“Primary shopper” is encouraged to participate (spouses or family members)**



Data Provided by the LPS

- **Survey gathers data on:**
 - Where Service members and their families shop on the local economy
 - How much members and their families shop on-base, off-base, via internet, or bring items from home
- **The LPS identifies:**
 - Primary local (off-base) outlets where Service members do most of their shopping
 - Secondary local (off-base) outlets most frequently used
- **Once outlets are identified by the LPS, price collectors will visit these stores to collect data for the Retail Price Schedule (RPS)**



Items you will be asked

- Meats and dairy
- Groceries
- Tobacco and alcohol
- Fresh, frozen, and canned fruits and veggies
- Clothing and dry cleaning
- Toiletries and housekeeping supplies
- Major and household appliances
- Computer supplies
- Non-prescription medications
- Photo/audio/visual supplies
- Pet food
- Movie theater/performing arts/sporting events
- Car tires/maintenance/insurance
- Grooming/hair cuts
- Day care
- Phone/internet services (unbundled prices)
- Maid/household services
- DVDs/Streaming services



Items you need prices for

- **Cold Weather Specific Items:**
 - Engine block, transmission pan, etc.
 - Trickle charger, 3-way outlet cords, etc.
 - Studded tires or chains
 - Sand
 - Battery blankets
 - Clothing (Men's, Women's, and Children)
 - Parka
 - Overpants
 - Thermal underwear
 - Insulated boots
 - Mittens
 - Gloves
 - Socks
 - Hats
- **Additional Expenses**
 - Ensure you input it in the block provided



How do you pick the choices?

“TYPICAL” SHOPPING PATTERN

VS.

“SECONDARY” SHOPPING PATTERN



Computing a Price Index: Bread Example

Overseas Data

- **Living Pattern Survey**

Commissary purchases 20% Local 80%

- **Retail Price Schedule**

Commissary price \$2.20 Local \$2.80

$$\text{Weight } (20\% \times \$2.20) + (80\% \times \$2.80) = \$2.68$$

CONUS Data

- **Living Pattern Survey**

Commissary purchases 40% Local 60%

- **Retail Price Schedule**

Commissary price \$2.00 Local \$2.50

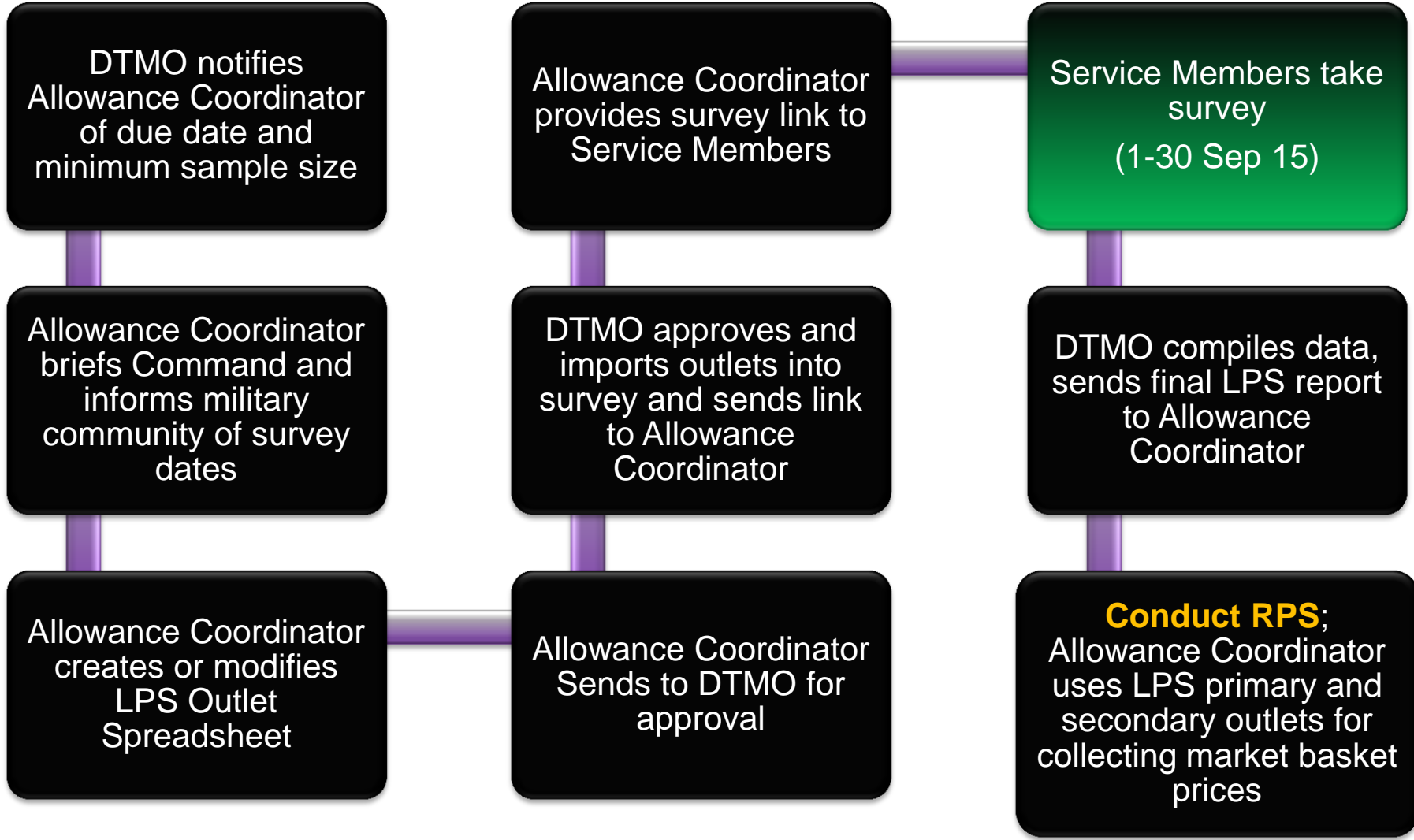
$$\text{Weight } (40\% \times \$2.00) + (60\% \times \$2.50) = \$2.30$$

Overseas Price/CONUS Price = $(\$2.68/\$2.30) = 116 \rightarrow$ OS prices is 16% higher than CONUS prices

****Collected for 120 goods & services from each outlet****



Conducting a LPS





Your Influence

- **Participate in the Living Pattern Survey (LPS)**
 - Have the “primary shopper” in the household do the survey
 - Do your “homework”
 - Dedicate at least 30 minutes for the survey
 - Honestly and accurately fill out the questions
 - Choose your “typical” stores/outlets that you would normally go to if entitlement is not reduced
 - **DO NOT** guess or exaggerate the percentages or market prices
- **Out-of-Cycle Survey is scheduled for AK on 1-30 Sep 15**



QUESTIONS



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